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JOHNSON FORBIDS U.S. AGENCY SWAY OVER EDUCATION

Acts After C.I.A. Disclosures
to Protect the 'Integrity'
of Student Community

ORDERS REVIEW PANEL

Directs Katzenbach, Helms
and Gardner to Set Policy
for Federal Guidance

By JOHN HERBERS

Special to The New York Times

WASHINGTON, Feb. 15—President Johnson directed three high officials in his Administration today to formulate a policy that would prevent the Central Intelligence Agency or any other Government agency from endangering the integrity and independence of American educational institutions.

Acting Secretary of State Nicholas deb. Katzenbach, speaking for the President, also reported in a statement that Mr. Johnson had ordered a careful review of the circumstances surrounding subsidies by the Central Intelligence Agency to the National Student Association.

At the same time, a study of financial records disclosed that three foundations identified by the students as channels for intelligence agency money had also been helping to subsidize at least four other youth organizations.

[An article in Ramparts, parts magazine said that the intelligence agency had transformed the student association's international activities into "an arm of United States foreign policy."]

Mr. Katzenbach's statement was read to reporters by Robert J. McCloskey, the State Department press secretary.

"The President believes strongly that the integrity and independence of the student community must be preserved," the statement said.

Guidance Sought

"He has directed a careful review of any Government activities that may endanger this integrity and independence. He has further directed me, in consultation with Secretary [of Health, Education and Welfare] John W. Gardner and Director [of Central Intelligence] Richard Helms to formulate a policy that will provide necessary guidance for Government agencies in their relationship to the international activities of American education organizations."

"At the same time, the President recognizes the great need of America's private organizations to participate in the world community. He has asked me to explore means for assuring that United States organizations play their proper and vital role."

The White House and the State Department would neither confirm nor deny that the review would be extended to subsidies of the Central Intelligence Agency of private institutions other than educational.

They also refused to confirm or deny that Mr. Johnson had instructed the agency to close out all secret programs to aid student groups.

Government officials said the review would be a broad one and that the President had ordered all agency involvement in educational activities suspended.

Meanwhile in Congress, Senator Eugene J. McCarthy, Democrat of Minnesota, proposed the formation of a Select Senate Committee to investigate the influence of the intelligence agency in domestic organizations and institutions. The House Education and Labor Committee announced it would look into the relations of the agency with education.

Earlier in the day, the White House had referred all questions on the controversy to Mr. Katzenbach. George Christian, the White House press secretary, said the President had turned the entire matter over to Mr. Katzenbach because it involved student exchange programs and international conferences in which American students participated.

Mr. McCloskey, in response to questions about the Administration's review and formulation of policy, said the three officials involved "will be in contact with interested and appropriate members of Congress and other officials of Government who may have contributions to make."

He alluded, in part, to the Congressional subcommittee on the House and Senate Armed Services Committees that watches over the intelligence agency.

ina, and Senator Richard B. Russell, Democrat of Georgia, the committee chairman, remained silent.

But Senator McCarthy, who has long been critical of the intelligence agency's secret involvements and of the Congressional watch of the agency, called a news conference and announced he would introduce a resolution, probably next week, seeking the creation of a seven or eight member select committee to conduct an investigation.

He said the committee's investigation would probably be as secret as the Congressional watch of the C.I.A.

"It is a question of whether the public would have more confidence in a select committee than in the committee that regularly oversees that agency," Senator McCarthy said.

He said the committee should go into the agency's entire involvement with domestic organizations and institutions.

This, he said, should include the agency's reported involvement over the last few years in universities, labor unions, foundations, book publishing, broadcasting and refugee groups.

"C.I.A. has become an operating arm of the State Department overseas," Senator McCarthy said. "It appears that it has also become an operating arm of the State Department at home."

The senator said Mr. Helms had called him after the disclosure that the agency had been subsidizing the National Student Association.

"He's unhappy," the Senator said. "I'll just say he's unhappy."

Senator McCarthy said he had not cleared his proposal with any other Senator and it was considered unlikely that any of the regular intelligence agency watchdogs in Congress would submit to the creation of a select committee without a fight.

Senator Russell was entering an elevator when he saw reporters emerging from the McCarthy office.

"Now I'm not going to get into a fight with Senator McCarthy," Mr. Russell said, holding his hand like a traffic cop.

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Representative Carl D. Perkins, chairman of the House Education and Labor Committee, said he had asked both the intelligence agency and the student association to supply full reports on the relationship between the two organizations.

He said the reports might be received by Feb. 28 and would determine what kind of investigation the committee then ordered.

Representative Benjamin S. Rosenthal, Democrat-Liberal of Queens, introduced a resolution calling for a joint committee to investigate the intelligence agency. Mr. Rosenthal and seven other House members sent President Johnson a letter protesting agency subsidies to the student association.

"The C.I.A. has compromised and corrupted the largest student organization in the largest democracy in the world," they said. "It has willfully involved inexperienced young men and women in that action and thus has surely alienated further the best elements of American youth."

Those signing the letter, in addition to Mr. Rosenthal, were William F. Ryan of Manhattan; John G. Dow of Grandview, Rockland County; George E. Brown Jr., Phillip Burton and Don Edwards of California; John Conyers Jr. of Michigan and Robert W. Kastenmeier of Wisconsin, all Democrats.